

Financial Aid News

WASHINGTON HIGHER EDUCATION COORDINATING BOARD

Online resources for aid administrators

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Funds available for SWS administrative projects

The Higher Education Coordinating Board (HECB) last week announced a competition for 2003-04 State Work Study (SWS) Administrative Grants. These one-year grants help participating schools improve the quality of their SWS programs.

The Board is asking for proposals that foster quality placements, bring new efficiencies, and promise collaborative approaches. Funds can be used to pay for staffing, training, technology, promotion of student employment, and other activities. Funds may not supplant a school's current administrative support for the SWS program. Awards will range from \$2,500 to \$5,000.

"We're in a period of ever-increasing public accountability about how we deliver student services," said Betty Gebhardt, associate director for education services at the

Board. "We hope these grants, at least in a small way, will help schools meet that challenge in the State Work Study program." Staff sent a request for proposals to all SWS-participating institutions on Oct. 1. Proposals are due Nov. 14. Winners will be announced in early December.

For more information, contact Mary Gsell at maryg@hecb.wa.gov, (360) 753-7829 or Betty Gebhardt at bettyg@hecb.wa.gov, (360) 753-7852.

"Signature-less" documents: We have built it, will you come? **SWS cash request is the newest of HECB's electronic processes**

In July, the Board announced a secure process that allows aid officers to submit certain forms without a physical signature. Several schools, however, have yet to authorize specific staff to work in the new paperless environment.

The new process allows aid administrators to submit cash requests, disbursement reports, and certification statements electronically. The list of documents that can be handled in this manner will continue to grow. Because of the obvious administrative advantages for both schools and the Board, program staff want to move as quickly as possible to this method of working with all institutions.

For example, next week, public schools may begin submitting SWS cash requests electronically, a process that will be phased in over the next few months. Schools should expect to make a full conversion to the new SWS process by January.

The box at right provides instructions about how to authorize staff to submit documents in the new environment.

How to authorize personnel to submit forms through the HECB secure Web site

A college or university's electronic access administrator must authorize personnel ("users") to submit forms through the HECB secure Web site. When a user leaves an institution or is no longer responsible for a specific electronic form, the administrator must delete authorizations assigned to that user.

You may designate multiple users for a single forms submission process, and different users for each available process.

To designate a user:

- Be sure that any user you want to designate already has an account to access the Board's secure Web site for aid administrators.
- Log-on to the [HECB public Web site](#).
- Select **For Aid Administrators** from the left-hand column.
- Enter your e-mail address and password to enter the Board's secure Web site.
- Select **Secure Form Access Management**.
- Follow the instructions to the right of the forms matrix to authorize institutional users to submit forms to the HECB without the use of a physical signature.

If you have questions, contact HECB staff for any of the financial aid programs with signature-less processes.

Promise recipients must make academic progress under proposed rule

Public hearing set for Oct. 21

Under a proposed new rule, Promise Scholarship recipients will have to make progress in their studies to keep receiving the award.

While recipients of most state and federal student aid programs have to demonstrate satisfactory academic progress to remain eligible for student aid, the Promise Scholarship currently has no such policy.

"Aid administrators tell us that the academic failure of Promise recipients is not a severe problem, but when it does occur, it is a visible and glaring exception to the standards imposed for all other recipients of state-funded student aid," said John Klacik, associate director for education services at the Board.

Klacik said that this proposed rule will bring the Promise Scholarship in line with the academic policies schools use for other aid programs.

The proposed rule reads:

WAC 250-80-060 Grant disbursement. (1) in order to receive a scholarship disbursement, eligible students must enroll with at least a half-time status and be considered by the school to be making satisfactory progress in their course of study, according to the school's satisfactory progress policy for federal student aid.

The Board will accept comments on the proposed rule through Oct. 21, 2003. Comments can be sent by U.S. mail, e-mail, or fax to:

John Klacik
Higher Education Coordinating Board
917 Lakeridge Way SW — PO Box 43430
Olympia, WA 98504-3430
johnk@hecb.wa.gov
Fax 360-704-6251

Interested parties may also deliver oral comments at a hearing at the Board's offices on Tuesday, Oct. 21, 2003, 9 a.m. to noon.

The Higher Education Coordinating Board will consider adoption of the rule during its regular meeting on Oct. 29, 2003. If adopted, the rule will go into effect for Promise recipients for their winter quarter and spring semester enrollment, and will affect subsequent disbursements after that term.

U.S. Supreme Court to hear *Locke v. Davey* in December

The U.S. Supreme Court will hear arguments on Dec. 2 concerning *Locke v. Davey* — a Washington case that may determine whether states can deny public funds for religious education.

Washington Attorney General Christine O. Gregoire is asking the Supreme Court to overturn the July 18, 2002 decision of a three-judge panel of the 9th U.S. Court of Appeals. In a 2-1 decision, the panel ruled that — by denying a Promise Scholarship to Joshua Davey in 1999 — the state of Washington and the Higher Education Coordinating Board violated the First Amendment's religious freedom provision and the 14th Amendment's equal protection guarantees.

Davey was awarded a Promise Scholarship for his freshman year at Northwest College in Kirkland. After he declared his intent to major in pastoral ministries, the Board rescinded the award. The Board's decision rested on the understanding that the state's constitution prohibits spending public money for religious instruction, and state law prohibits the award of financial aid to students who pursue degrees in theology.

Since the Court of Appeals decision on Davey, the Board has opened eligibility for state aid to theology majors.

Several groups — including some states, the Bush administration, the American Civil Liberties Union, private colleges, and a number of religious organizations — have filed friends of the court briefs urging the justices either to uphold or overturn the lower court's ruling.

The Supreme Court's decision could have far-reaching implications for financial aid programs in other states that also deny funds to students pursuing religious instruction. Some court watchers predict it could also affect religious organizations' eligibility for other public funds. A ruling is expected by the end of June 2004.

To no one's surprise, Congress misses deadline for spending bills — and the government chugs on

Congress again failed to meet the deadline for approving 13 appropriations bills to finance the government for the new fiscal year that began Oct. 1.

On Sept. 30, President Bush signed a "continuing resolution" that will keep the government running through Oct. 31.

The House and Senate have each passed their own versions of a Labor, Health and Human Services, and Education spending bill. Both versions keep the

maximum Pell Grant at \$4,050, but differ on other issues such as funding for the National Institutes of Health. Members from the two chambers began negotiations last week to resolve differences between the bills.

Lawmakers have missed the Sept. 30 deadline numerous times in the past several years, and one or more continuing resolutions have kept the government afloat until Congress and the president can agree on spending plans. Last year, for example, lawmakers did not finish their work on spending bills until February.

U.S. Senate votes to scuttle changes in federal student aid formula

The U.S. Senate voted last month to block proposed changes to the federal student aid formula that would reduce overall student aid spending by \$10 billion or more.

The U.S. Department of Education plans to change the data used to calculate student and family tax burdens for aid applicants in 2004-05. Initially, *The Chronicle of Higher Education* reported, department leaders said the change would have "a minimal impact on a handful of students." Since then, department budget officials have estimated that 84,000 students would lose Pell eligibility under the change. Other aid proponents have calculated a \$10 billion or more reduction in eligibility for need-based federal, state, and institutional financial aid if the change were to take effect.

The Senate amendment — attached to its annual appropriations bill for Labor, Health and Human Services, and Education — passed 50 to 45, with several Republicans joining Democrats to reject the change. The House of Representatives must agree to the change for it to become law.

The article is available online to *Chronicle* subscribers: [U.S. Senate rejects changes in federal student-aid formula](#).

Higher education, still under fire about rising costs, starts firing back

Congressman John A. Boehner (R-Ohio) and Congressman Howard P. "Buck" McKeon (R-Calif.) issued a report Sept. 4 that is deeply critical of colleges and universities for the skyrocketing costs of higher education in recent years.

In "The College Cost Crisis," the congressmen conclude that exploding costs have thrown the country's higher education system into crisis, and the blame shouldn't be put on the faltering economy or declining state funding.

"Tuition increases have persisted regardless of circumstances such as the economy or state funding, and have far outpaced inflation year after year," the report states. "When times are tough, institutions increase tuition; and when times are good, institutions increase tuition as well."

The report also holds up examples of institutions that have managed — “through innovation and diligence” — to hold costs in check.

On Sept. 30, McKeon said he would this week introduce long-expected legislation to curb tuition increases. McKeon wants to make his proposal part of the reauthorization of the Higher Education Act. He originally unveiled the plan last spring. It includes an “affordability index,” which would reduce eligibility for some federal student aid to any college that increased tuition by more than twice the rate of inflation two years running.

McKeon plans to move ahead over the objections of Democrats, numerous higher education lobbyists, and three witnesses before his subcommittee.

According to the *Chronicle*, the three witnesses — a public college president, a state higher education executive, and a higher education analyst — told the committee that McKeon’s plan would lead to erosion of quality and would ultimately hurt needy students by depriving them of student aid funds.

“A federal foray into controlling the prices charged by institutions would be unwise and potentially destabilizing,” said Jamie P. Merisotis, president of the Institute for Higher Education Policy in Washington, D.C.

McKeon, meanwhile, has vowed not to back down. “We can talk and talk and talk about this problem, but I think the time as come to stop talking and start acting.”

You can download the Boehner-McKeon report at: [The College Cost Crisis](#). The *Chronicle* article is available online to subscribers: [Rep. McKeon's plan to penalize colleges for steep tuition increases is criticized in House hearing](#).

As default rate falls to a record low, colleges and lenders call for increases in student loan limits

The nation’s default rate for student loans has dropped to an all-time low of 5.4 percent, the Department of Education announced on Sept. 16.

The rate measures the percentage of borrowers who defaulted within 12 to 24 months of leaving college. The latest available data are for borrowers who left school in fiscal year 2001. The default rate was 5.9 percent in 2000. It reached a historical high of 22.4 percent in 1990.

Meanwhile, a coalition of college lobbyists and student loan industry officials has called for increases in student loan limits. The Coalition for Better Student Loans wants to increase the overall borrowing limit for undergraduates to \$30,000 (up from the current \$23,000). Freshmen would be able to borrow up to \$4,000 and sophomores up to \$6,000 (up from \$2,625 a year). After that,

students could borrow up to \$20,000 for the remainder of their undergraduate education, though never more than \$10,000 in a year.

The coalition is also asking lawmakers to:

- Eliminate, or at least incrementally reduce, loan origination fees.
- Offer more flexible repayment options for borrowers struggling to pay their debt.
- Provide up to \$1 billion in forgiveness programs for borrowers who “enter low-paying, high-need career fields such as teaching in low-income areas.”

There’s more about the coalition’s proposals on their Web site: [The Coalition for Better Student Loans](#).